



House of Representatives

General Assembly

File No. 515

January Session, 2015

Substitute House Bill No. 5733

House of Representatives, April 8, 2015

The Committee on Environment reported through REP. ALBIS of the 99th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT AUTHORIZING THE STATE TREASURER TO DIVEST FUNDS FROM FOSSIL FUEL COMPANIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2015*) (a) For the purposes of
2 this section:

3 (1) "Company" means any corporation, utility, partnership, joint
4 venture, franchisor, franchisee, trust, entity investment vehicle,
5 financial institution or other entity or business association, including
6 all wholly-owned subsidiaries, majority-owned subsidiaries, parent
7 companies or affiliates of such entities or business associations, that
8 exist for the purpose of making profit;

9 (2) "Fossil fuel company" means any company that is involved in the
10 exploration and production of fuel that is formed from plant or animal
11 remains, including coal, oil or natural gas; and

12 (3) "Investment" means the commitment of state pension funds or

13 other assets to a company through an actively managed investment
 14 account that holds publicly traded equities. "Investment" does not
 15 include an investment in a passive index fund or a private commingled
 16 fund in which state funds are invested.

17 (b) The State Treasurer shall review the major investments of the
 18 state for the purpose of determining the extent to which state funds are
 19 invested in fossil fuel companies. Whenever feasible and consistent
 20 with the fiduciary duties of the Treasurer, the Treasurer shall
 21 encourage fossil fuel companies in which state funds are invested to
 22 take actions to reduce environmental harm and preserve the
 23 sustainability of such companies.

24 (c) The Treasurer may divest, decide to not further invest state
 25 funds or to not enter into any future investment in any fossil fuel
 26 company. In the event that the Treasurer determines that divestment
 27 of state funds from a fossil fuel company is warranted, the Treasurer
 28 shall give notice of such determination to such company.

29 (d) The Treasurer shall, at least once per fiscal year, provide reports
 30 to the Investment Advisory Council on actions taken by the Treasurer
 31 pursuant to the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	New section

ENV *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill is not expected to result in a fiscal impact to the state because it is anticipated that if the Treasurer chooses to divest the Connecticut Retirement Plans and Trust Funds of investments in fossil fuel companies, the funds will be reinvested in other companies that will produce similar rates of return.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 5733*****AN ACT AUTHORIZING THE STATE TREASURER TO DIVEST FUNDS FROM FOSSIL FUEL COMPANIES.*****SUMMARY:**

This bill allows the state treasurer to divest, or decide against further or future investments of, state funds in any fossil fuel company. An “investment” includes committing state pension funds or other assets to a company through an actively managed investment account with publicly traded equities, but does not include investing in a passive index fund or private commingled fund.

Under the bill, the treasurer must (1) review the state’s major investments to determine the extent to which funds are invested in fossil fuel companies and (2) encourage the companies in which the state is invested to reduce environmental harm and preserve their sustainability. She must offer the encouragement whenever feasible and consistent with her fiduciary duties.

The treasurer must notify a fossil fuel company if she decides to divest the state’s funds from the company. She must report to the Investment Advisory Council, at least once per fiscal year, on her actions regarding fossil fuel companies.

EFFECTIVE DATE: October 1, 2015

FOSSIL FUEL COMPANY

A “fossil fuel company” is any for-profit company involved in the exploration and production of fuel formed from plant or animal remains, such as coal, oil, or natural gas. It includes corporations, utilities, partnerships, joint ventures, franchisors or franchisees, trusts, entity investment vehicles, financial institutions, or other entities or

business associations, including the entities' or associations' wholly or majority-owned subsidiaries, parent companies, or affiliates.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 17 Nay 12 (03/25/2015)